

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In re Applications of)

RAYMOND W. CLANTON)

LOREN F. SELZNICK)

For Construction Permit for a)
New FM Station on channel 279A)
in El Rio, California)

CERTIFIED COPY

Case No. 708 715

DEPOSITION OF:

JOSEPH P. DAILEY, ESQ.

MONDAY, NOVEMBER 22, 1993

10:05 A.M.

Reported by: MARY LOU CUSHNER

C.S.R. No. 6699

1 the checks because she sends me a Federal Express
2 package every day with litigation materials from the
3 cases we're working on, and they will send her the --
4 actually, it's a deposit slip. Funds are deposited in
5 my bank in New York, and a lot of times when that
6 happens, I'll ask her to be alert for the deposit slip
7 so she can tell me what the amount was so I can record
8 it in my books.

9 Q. What does she know about your debts
10 presently?

11 A. She knows what I've told her, which is my
12 only -- well, that's not true. I have one -- I have a
13 bank loan, but other than that my debt is the mortgage
14 on my house. She actually knows my debts as shown on
15 my balance sheet; so she knows what's on the balance
16 sheet.

17 Q. She knows of your debts from what she sees on
18 your balance sheet or sheets?

19 A. Right.

20 Q. Did you show her any other documentation
21 regarding your financial situation prior to December,
22 1991?

23 A. Did you say did I show her any
24 documentation? I don't believe so.

25 Q. After December, 1991, it would be the two

1 financial statements?

2 A. That's correct.

3 MR. DANIELS: Let's, for the record, mark as
4 Exhibit 1 the financial statement of November 30,
5 1991, which Mr. Dailey provided today, and let us mark
6 as Exhibit No. 2 the financial statement of August 27,
7 1993.

8 (The documents referred to were
9 marked Exhibits 1 & 2 for identification
10 by the reporter and attached hereto.)

11 BY MR. DANIELS:

12 Q. Let us elaborate, please, a little more
13 regarding Ms. Selznick's interest in owning a radio
14 station. When did she first discuss with you her
15 interest in owning a radio station?

16 A. Sometime in the spring of 1991.

17 Q. What did she say to you at that time
18 regarding such?

19 A. She told me then that she was thinking of
20 getting back into the radio business and buying a
21 station. I had just moved to California. I still had
22 not formally resigned from the firm. There was a
23 three- or four-month transition period, but I was in
24 California, and I was actively searching for a
25 business myself. I had not acquired RunTime

1 item by item what would be considered and what would
2 not be considered and, obviously, the cash would be
3 considered liquid. And then there were the amounts
4 owed to me by Breed, Abbott & Morgan, and since those
5 were due to be paid in a relatively short period of
6 time, I said, "I believe those certainly would qualify
7 as liquid."

8 And, you know, between the cash and the
9 amount that was owed by the partnership, we were well
10 over the amount. I mean, we were at -- we were well
11 over \$500,000, which was far in excess. We stopped
12 there. We didn't get into the question of whether my,
13 you know, equity in my house would be considered
14 liquid or not.

15 Q. Did, at the time of this conversation, she
16 bring up your financial statement on her computer?

17 A. She didn't have it on her computer, to my
18 knowledge; it was on my computer.

19 Q. Did this conversation take place with you in
20 California and her in New York?

21 A. Yes.

22 Q. And when did you provide her your financial
23 statement?

24 A. It was relatively recently. I believe it was
25 in August of 1993, around the date of the second

1 financial statement here, August 27, 1993. That was
2 the first time she said she needed it, because when we
3 first discussed it, she said that -- I may have asked
4 her if I should send her a copy of it. Or I'm not
5 sure exactly what I said, but I know I remember very
6 clearly her saying, "I don't need it now but I will."

7 And I said, "Well, you let me know when you
8 need it."

9 Q. So approximately during the time of that
10 August 27 marked Exhibit No. 1 financial statement,
11 that was when you provided the statements to her?

12 A. Yes.

13 Q. Exhibit No. 1 and Exhibit No. 2?

14 A. That's correct.

15 Q. Fine. Did she ask you for anything else in
16 writing prior to December, 1991? Let's strike that
17 question.

18 Did she ask you for anything in writing prior
19 to December, 1991?

20 A. She didn't ask me for anything in writing in
21 December, 1991, and she didn't ask me for anything in
22 writing prior to that time.

23 Q. Did she ask you for anything else in writing
24 after December, 1991?

25 A. Again, you keep saying "else." She never

1 very good deal." And I again reviewed what I saw as
2 the economics of the transaction -- that you had an
3 opportunity to get in on the ground floor and that
4 your basic security was knowing that the market was
5 pricing these stations substantially higher than their
6 cost, and it made sense. And I confirmed that.

7 Q. And during those two conversations you've
8 just spoken of, did you discuss any of the terms?

9 A. No, we never -- we never discussed the
10 terms. I told her that I would provide the financing.

11 Q. How much was requested?

12 A. Well, at that point she had said \$350,000,
13 \$360,000, one of those two. My recollection is
14 \$350,000. She asked me at some point to sign a
15 declaration in which she said it was 360,000, but it
16 was in that range, but I'm not sure. That was the
17 number we were talking about. But she had previously
18 told me what the cost was to do this, but at this
19 point we had not talked about the financing from me.
20 She was talking about getting financing from Derrick
21 Cephas and his group.

22 And as I said, it's possible, although I'm
23 not sure, because this would have been in October,
24 1991. I know I was in New York several times because
25 we had just gotten a major decision in litigation, and

1 debt and probably precluded the acquisition of further
2 debts --

3 Q. Let's go back --

4 A. -- or they could have been very healthy and
5 very strong and would have been a means for financing
6 any additional ventures; so it really depends on the
7 circumstances.

8 Q. Let's go back to December, 1991. So at
9 that --

10 A. It's November, 1991, I believe I testified.

11 Q. Okay. So with regard to November, 1991, when
12 you had the two conversations we have been speaking of
13 with regard to the willingness or commitment, as you
14 said, to loan the money regarding the station, at that
15 time was that a firm intention to make a loan, future
16 conditions permitting?

17 A. I'm not sure what you mean by "future
18 conditions permitting." I gave an unconditional
19 commitment to finance the money and to lend her the
20 money, and there was no discussion of future
21 conditions.

22 Q. And at this time, do you have a firm
23 intention to make the loan, future conditions
24 permitting?

25 A. Again, I don't know what you mean by "future

1 in the radio business. I mean, he's done it all.

2 Q. So was it with regard to him coming out and
3 being employed by her?

4 A. Employed, that's right. But I think we were
5 also, as I told her, you know, when she got around to
6 hiring people, that she would want to get somebody who
7 is good and senior and has a lot of experience and
8 that she should be prepared to give them some equity,
9 but it would be as an employee but with some form of
10 equity typical to an employment agreement for a senior
11 person.

12 Q. Would you be interested in -- strike that.
13 Are you considering working for the radio
14 station?

15 A. Good grief, no. I don't work as an employee
16 anywhere, and besides, I don't think my voice would be
17 very good over the air.

18 Q. Would you take on the role as an advisor to
19 her with regard to her investment?

20 A. Oh, absolutely. And depending on how she
21 organized her business. If it should be in a
22 corporate form, I would probably want to be on the
23 board of directors if I provided the financing.

24 MR. DANIELS: I would like to mark as Exhibit 3 a
25 copy of a declaration, a two-page declaration with two

1 application regarding an FCC license?

2 A. No. I was not aware that I had to. Did I?

3 Q. I don't know.

4 A. All I thought I was going to do was provide
5 money. I thought that was enough. Maybe I failed the
6 test.

7 Q. No. Let me ask you the next question. In
8 sentence No. 2 of paragraph 2: "At the time, we
9 contemplated that the total cost would be \$360,070."
10 Why do you say "we contemplated"?

11 A. I understand I signed the declaration, but I
12 also told you Loren drafted this, and when she drafted
13 this and sent it to me, I believed this was
14 substantively true. As I say, my recollection was --
15 you had asked me -- without more, my thought was -- my
16 recollection was \$350,000. She said it was \$360,000.
17 And I said, "Well, your memory, I'm sure, is better
18 than mine." And I assumed that she put down this
19 \$360,070 figure from some piece of paper she had. I
20 don't know why she did it.

21 But I certainly at the time did not say, "You
22 can count on it. I'm going to provide you \$360,000,
23 \$360,070." I told her that I would provide the
24 financing. And she had previously told me that it
25 was, again, my recollection is about \$350,000.

CERTIFICATE OF SERVICE

I hereby certify that on this 18 day of January, 1994
a copy of the foregoing document was placed in the United States mail,
first class postage prepaid, addressed to the following:

Paulette Laden, Esq.
Hearing Branch, Enforcement Division
Mass Media Bureau
Federal Communications Commission
2025 M Street, NW, Suite 7212
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A handwritten signature, likely of Robert L. Thompson, is written over a horizontal line. The signature is cursive and stylized, with the first part appearing to be 'R. Thompson'.